The Federal Farm Loan Act

Synopsis of Its Salient Features Prepared by H. M. Hanson, Secretary-Treasurer Farm Mortgage Bankers' Association of America

Passed by the House of Representatives and the United States Senate June 27 and 28, 1916, Respectively.

Signed by the President July 17, 1916.

3.-Provides for a federal land bank system in the continental United States (exclusive of Alaska), dividing the country into twelve land bank districts composed of whole states.

3.-The system is operated as a bureau of the United states trensury department and supervised by the federal farm loan board. The secretary of the treasury is ex-officio chairman of the board with four other members appointed by the president for eight years at an annual salary of \$10,000. One member is designated farm loan commissioner and is the active executive officer.

3-Appointees of Board: (a) Farm loan registrar for each land bank district and

(b) One or more land appraisers for each land bank district. Salaries paid by federal land bank or joint stock land bank for which they act.

(c) Land bank examiners; salaries paid by the United States.

(d) Attorneys, experts, assistants and other employees to be paid by the United States.

17 .- Powers of the Board: (a) To organize and charter federal land banks, joint stock land banks and na-

tional farm loan associations. (b) To review and alter the rate of interest to be charged by federal land banks for loans.

(c) To approve or reject any or all loans for bond issue and to grant or refuse any specific issue of farm loan bonds of federal land banks and joint stock land banks.

(d) To regulate charges for appraisal, examining titles and record-

(e) To appraise land securing mortgages for bond issue. (f) To exercise general supervisory

authority over the federal land banks, as agents for federal land banks if no farm loan associations and joint stock | farm loan association has been formed land banks. 30.-The farm loan commissioner

shall examine the laws of every state through agents are required to suband if on examination the laws of any state are shown to afford insufficient protection to holders, its mortgages shall be declared ineligible under this act during the continuance of the laws in question.

32.—The secretary of the treasury is authorized to deposit United States funds in federal land banks at current government rates of interest, the aggregate of such funds not to exceed of the loan. \$6,000,000 at any one time.

FEDERAL FARM LOAN BANKS

ORGANIZATION.

Section 4.-One in each land bank district. Branches permitted within its district. Officers: President, vice president, secretary and treasurer; directors; six representatives of farm loan associations and three representing the public interest. Attorneys, assistants, experts and other employees. All salaries fixed by farm loan board and paid by bank. Subject to semiannual examinations by land bank exam-

CAPITAL STOCK.

Sec. 5 .- \$750,000. May be owned by individuals, firms, corporations and the United States and state governments. Sec. 5.—Shares, \$5 each.

Sec. 5.-All stock remaining unsubscribed 30 days after subscription books are opened shall be subscribed by the United States and thereafter only the United States government and borrowers may acquire shares of stock. Sec. 5 .- United States government

not to participate in dividends. All other stockholders share dividends

Sec. 5.-The original capital stock shall be gradually retired after the stock held by farm loan associations shall amount to \$750,000.

Sec. 5.-Not less than 5 per cent of capital shall be invested in United States government bonds.

POWERS.

Sec. 13.-To buy first farm mortgages within its district and to Issue and sell farm loan bonds.

Sec. 13.-To receive from farm loan associations interest and amortization payments on mortgages and farm loan

Sec. 13 .- To acquire and dispose of real and personal property necessary for the convenient transaction of business; and land taken in satisfaction of debts or purchased under judgments. decrees or mortgages held by it. Shall not hold title exceeding five years.

Sec. 13.-To accept deposits of securities or current funds from member associations but pay no interest there-

Sec. 13.-To borrow money on security and pay interest thereon, Sec. 13.-To buy and sell United

States bonds. Sec. 13.-To appraise lands for bond tesue and to charge applicants and horrowers the cost of land appraisal, ex-

FEDERAL FARM LOAN ACT | or be made part of loan and paid in amortization payments.

Sec. 14.-To accept mortgages only from farm loan associations and approved agents.

Sec. 14.-To accept deposits of current funds only from its stockholders. Sec. 6.-To become financial agents of United States government and depository of public money. Public deposits cannot be invested in mortgages or farm loan bonds.

Sec. 13.-To deposit its securities and current funds subject to check with any member bank of the federal reserve system and to receive interest thereon.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50, \$100, \$500 and \$1,000. Sec. 20 .- May bear a maximum rate

of 5 per cent interest per annum. Sec. 19.-Mortgages and United States government bonds equal in amount to the farm loan bonds issued are retained as collateral security by

the land bank registrar. Sec. 14.—The outstanding farm loan bonds shall not exceed 20 times the capital and surplus.

Sec. 21.-Shall be guaranteed by bank of issue and all other federal land

Sec. 17.-No Issue Is authorized without the approval of the farm loan board.

Sec. 22.—Substitution of mortgages and United States government bonds held as collateral to farm loan bonds is permitted.

TAXATION.

Sec. 26.-The capital stock, surplus, mortgages and farm loan bonds and all income derived therefrom are exempt from federal, state, municipal and local taxation.

Sec. 26.—Real property taken and held under the provisions of sections 11 and 13 is not tax exempt.

AGENTS.

Sec. 15 .- Incorporated banks, trust companies, mortgage companies or chartered savings institutions may act in a given locality after one year.

Sec. 15.—Borrowers securing lo scribe 5 per cent of the loan to the capital of the federal land bank.

Sec. 15 .- Agents are entitled to a commission of one-half of 1 per cent per annum on unpaid principal of each loan they negotiate and the bank shall pay agent for actual expenses for appraising land, examining titles, executing and recording the mortgage papers which shall be added to the face

Sec. 15 .- Agents shall indorse and become liable for the payment of the loans they negotiate and the aggregate unpaid principal of such loans shall not exceed ten times the agent's capital and surplus.

Sec. 15,-Agents are required to make good any default within 30 days after notice. Sec. 15.-All collections made shall

be remitted without charge.

SPECIAL PROVISIONS.

Sec. 22.-Amortization and other payments constitute a trust fund to be invested as follows:

(a) To pay off maturing farm loan bond issues. (b) To purchase farm loan bonds.

(c) To lend on first farm mortgages within the district. (d) To buy United States government bonds.

Sec. 23.-Reserve and dividends: No limit is placed on dividend distributions after a reserve account has been built up from earnings equal to 20 per cent of the capital stock and after 5 per cent of the net earnings annually thereafter are added to the reserve account.

Sec. 23.-Reserve funds to be invested as prescribed by the federal farm loan board.

Sec. 27.-Farm loan bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

Sec. 27.-Federal reserve bank may buy and sell farm loan bonds. Sec. 29.-Provision is made for dis-

solution and the appointment of a re-

Sec. 14.-No commission or charge not specifically authorized in this act shall be demanded or received.

NATIONAL FARM LOAN ASSOCI-ATIONS

ORGANIZATION.

Section 7.-Ten farm owners desiring loans aggregating \$20,000 or more may form such an association. Sec. 7 .- Its affairs are administered

by five directors, including president, vice president and a loan committee of three serving without compensation. and by a secretary treasurer with salary fixed by the farm loan board and paid by the association,

CAPITAL STOCK.

Sec. 8 .- Shares, \$5 each; (9) carrying double liability; (8) may be owned and 20 per cent of the permanent inamining titles, recording and other le only by borrowers who are required to sured improvements. gal fees, said fees to be paid in cash subscribe 5 per cent of their loan to Sec. 10.-Loans are not restricted to

the capital stock of the association the purposes prescribed for national which in turn subscribes an equal amount of stock in the federal land

Sec. 8.-Shares are paid for in cash or (9) the amount may be added to the face of the loan and retired in amortization payments at par. In such case the face of the loan shall not exceed the 50 per cent and 20 per cent limitation.

Sec. 7 .- Assessment on shares may be levied for operating expenses if funds are not otherwise available.

POWERS. Sec. 10.-To appraise land for mortgage through its loan committee of

Sec. 11.-To indorse and become liable for the mortgages of its share-

Sec. 11.-To receive and deliver the proceeds of loans to borrowers,

Sec. 11.-To acquire and dispose of

property necessary for the convenient transaction of its business, Sec. 11 .- To issue certificates of deposit for not longer than one year and

to pay 4 per cent interest thereon, convertible into farm loan bonds at the federal land bank of its district. Sec. 7 .- To receive and transmit to the federal land bank payments of in-

terest and principal and amortization

LOANS.

payments.

Sec. 12.-Loans shall be secured by first mortgages on land within its land

bank district. Section 12 .- To run from 5 to 40 years with amortization and with additional optional prepayments after five years.

Sec. 12.-Interest on loans shall not exceed 6 per cent per annum on the unpaid principal.

Sec. 12.-Borrowers shall pay 8 per cent simple interest on defaulted Sec. 12.-Loans may be made for the

following purposes and for no other under penalty: (a) To purchase land for agricul-

tural purposes. (b) To purchase equipment, fertilizer and live stock for the operation of the mortgaged farm.

(c) To provide buildings and for the improvement of farm lands. (d) To pay debts existing at time of

organization of the first national farm loan association within the county. Sec. 12.-Maximum Ioan \$10,000; minimum loan \$100. Sec. 12.-No loan shall exceed 50 per

cent of the value of the land mortgaged and 20 per cent of the permanent insured improvements. Sec. 12.-No loans shall be made to any person who is not at the time or shortly to become engaged in the culti-

vation of the farm mortgaged. Note.-All applications for loans originate with the national farm loan associations or agents and all loans are made and closed by the federal land banks. This does not apply to joint

TAXATION. . Sec. 26.—Same as applies to federal land banks.

stock land banks.

SPECIAL PROVISIONS.

Sec. 9.-Associations may retain as commission one-eighth of 1 per cent semiannually from interest payments on the unpaid principal of loans.

Sec. 9 .- Associations may borrow from federal land banks at 6 per cent annual interest up to one-fourth of its total stockholdings in said bank.

Sec. 24.-Reserves and dividends: No limit is placed on dividend distributions after the reserve account, built up from net earnings equals 20 per cent of the capital stock and after 2 per cent of the net earnings annually thereafter are added to the reserve ac-

Sec. 25 .- Defaults must be made good within 30 days after notice, Sec. 29,-Provision is made for dissolution and the appointment of a re-

JOINT STOCK LAND BANKS

ORGANIZATION.

Section 16 .- A private corporation subject to the requirements under this act which may be formed by ten or more persons with a board of directors of five or more.

Sec. 16.-May operate within the state in which its principal office is located and within some one contingu-

ous state. Sec. 28.-Subject to semiannual examinations by the federal land bank

CAPITAL STOCK.

Sec. 16.-\$250,000 minimum. Sec. 16.-Double liability of shareholders.

Sec. 16 .- The United States government shall own none of the shares of stock. Sec. 16 .- No farm loan bonds can be issued until the capital stock is fully

paid, although the bank may begin

business when one-half of the capital is subscribed and paid in cash. POWERS.

Sec. 16.-To lend money on farm mortgage security. Sec. 16.-To issue and sell farm loan

bonds. Sec. 16.-To issue farm loan bonds up to 15 times the amount of its capital and surplus.

Sec. 16.-Except as otherwise provided it has the powers of and is subject to the restrictions imposed on federal land banks.

PRIVILEGES.

Sec. 16 .- May lend more than \$10,000 to any one borrower, but not beyond 50 per cent of the value of the land

farm owners regardless of whether en-

farm loan associations. Sec. 16.-Loans may be made to gaged in cultivation of the land mort-

gaged or not. Sec. 16.-Interest on loans shall not exceed more than 1 per cent, the interest rate established for its last series of bonds, nor more than 6 per cent in

Sec. 16.-Commissions or other charges not specifically authorized by this act shall not be demanded or recelved.

BONDS.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50, \$100, \$500 and \$1,000. Sec. 20.-May bear maximum rate of

5 per cent interest per annum. Sec. 16.-Bonds shall be so engraved as to be readily distinguishable from federal land bank bonds.

Sec. 19. - Mortgages and United States government bonds equal in amount to the farm loan bonds issued are retained as collateral security by the land bank registrar.

Sec. 17 .- No issue is authorized with- ing a constitutional convention is in board.

Sec. 27 .- Federal reserve banks are authorized to buy and sell the bonds of joint stock land banks. Sec. 22.—Substitution of mortgages and United States government bonds

permitted. Sec. 27 .- Its bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

held as collateral to farm loan bonds is

TAXATION.

Sec. 26.-The capital stock, surplus out. and earnings are subject to the taxing

powers of the state. Sec. 26.-Its mortgages executed under this act and its farm loan bonds and all income derived therefrom are exempt from federal, state and municipal and local taxation.

Sec. 26.-Real property taken and held under the provisions of sections 11 and 13 is not tax exempt.

SPECIAL PROVISIONS. Sec. 6 .- Joint stock land banks are

agents of the United States govern-

vested in farm mortgages or in farm loan bonds. Sec. 16.-Rates of interest for logns under 6 per cent are not subject to review or alteration by the farm loan

board. Sec. 13.-Shall receive no deposits except public deposits. Sec. 22.-Amortization and other

invested as follows: (a) To pay off its maturing farm loan bonds. (b) To purchase farm loan bonds.

(c) To lend on first mortgages within its prescribed field. (d) To purchase United States government bonds.

Sec. 23,-Reserve and dividends pro-

vided for as in the case of federal land Sec. 29 .- Provision is made for dissolution and the appointment of a re-

THIS DEALER HAD REAL TACT Stout and Thin Customers Use Special Mirrors in Wearing Apparel Establishment.

A dealer in wearing apparel, noticing that his stout customers and his very thin customers often were sensitive as to their figures, installed two full length mirrors of special design, says Popular Mechanics magazine. One was slightly concave and the other slightly convex. When a stout customer tried on a suit she was led to the concave mirror for self-inspection, and was able to see her figure as it would appear with its measurements reduced. When a thin person came in to try on clothes she was taken to the convex mirror, where the opposite effect was pro-

duced.

Only Moistened His Lips. Omer Scudder, a Columbus real estate and insurance agent, told some of the other business men who have offices in the Bassett building that he was hot. They agreed that they were

just as hot as he was. "I can eat all the ice cream you fellows are willing to buy," Scudder

declared. The others made up 60 cents and sent out for a half gallon of cream. They had a notion that Scudder would eat about a quart after which they would divide the remaining quart among themselves. Scudder surrounded the entire half gallon of ice cream, smacked his lips and asked them whether they were not going to get him enough ice cream for a real taste. The business men looked at each other, smiled sickly and returned to their places of business. - Indianapolis News.

The Three Philosophers. For the first time in their lives

three genuine, stmon-pure bhilosophers went out riding in a motor car. After they had ridden about twenty mlles out in the country the car broke down. Said the first philosopher: "I have long wanted to study certain aspects of nature, and this affords me the particular prospect I most admire." Said the second philosopher: "I observe there is a farmhouse over there where food can doubtless be obtained in sufficient quantities." Said the third philosopher: "I have long wanted to be in a situation where, without moving, sustenance would be brought to me by one friend, while the other discoursed on the beauties of nature."-Life.

AL CONVENTION IS MAIN-

TAINED.

VOTE ABOUT HALF COUNTED

Majority of Over Twelve Thousand, It Is Believed, Will Not Be Overcome When All Votes in the State

Are Counted.

-Nashville. With reports from over half of the counties in the state in, indications are that the vote of last week on hold-

convention of 12,144.

following counties voted favorably on | will be recalled. the proposition: Blount, Bradley, Cumberland, Decatur, Jefferson and ninety days, but can not be called for

In view of the light vote prevailing as a general rule, it is improbable that the lead of 12,000 in favor of the con- Pension Roll Complete. stitutional convention can be wiped-

Porter for congress in the Eighth district, according to returns received. With all counties heard from, several incomplete, a majority of 760 is indicated. Sims' managers claim the cougressman is returned by at least 1,500 votes. Porter's loss of Madison counly certain. His home county, Henry, was dropped and two were suspended. gave him a handsome majority. made public depositories and financial

Congressman Thetus W. Sims has been nominated for the eleventh John P. Hickman for West Tennessee: Sec. 6.—Public deposits cannot be in- time, thus insuring him twenty-two years of service, according to returns in the Democratic congressional primary compiled thus far.

Counties-Chester Madison Henderson payments constitute a trust fund to be McNairy 519

Finis J. Garrett has been re-elected congressman from the Ninth congressional district over Judge J. D. Senter by over 3,000 majority, according to reports from counties in the district. Garrett carried every county in the district except Crockett, which Judge Senter carried by less than 100 votes. Gibson, Senter's home county, did not roll up the majority for her native son

that was anticipated. Countles-Garrett. Totals \$,700 4,901

Garrett's lead3,799 Besides the county officers elected last week, two chancellors, three circuit judges, two criminal court judges and four attorneys-general were elected. Hon. James B. Newman of Nashville was chosen chancellor in part 2 of Davidson, while F. H. Mercer of for the First Tennessee Infantry, re-McMinnville was elected chancellor in cently reorganized, has been received the Tweifth division, also in Middle at the mobilization camp from the war

Tennessee. John B. Hollway of Morristown, who was assistant attorney-general of the Second circuit district in East Tennessee, was elected judge of the district. Frank L. Lynch of Winchester was Dunavant a Major. elected judge of the Eighteenth circuit district, while Ben L. Capell was elect- lance company No. 1 has been appointed judge of the Second circuit court of ed by Gov. Rye to the rank of major Shelby county.

At the election the following were elected to judicial positions: James B. Newman, chancellor, Nashville, part 2, Davidson county, Sev-

enth division.

F. H. Mercer, chancellor, McMinuville, Twelfth division. Circuit Court Judges-John B. Hol- Cavalry Troops Will Go. loway, Morristown, Second district; Frank L. Lynch, Winchester, Eighteenth district; Ben L. Capell, Mem-

Criminal Court Judges-David B. Puryear, First division, Shelby criminal court, Memphis; Thos. W. Harsh, ington, when he called upon request Memphis, Second division, Shelby of Tennessee cavalry to urge that they criminal court. Attorneys-General-Thirteenth dis-

trict, M. Hillsman Taylor, Trenton;

Fourteenth district, T. O. Morris, Un-

Tipton, Covington; Eighteenth dis-

trict, Ben G .McKenzie, Dayton. Of the congressional primaries the result in the Fifth district, in which William C. Houston, George L. Delmer and Ewin L. Davis were the opponents, is still regarded as uncertain. However, friends of Congressman Houston claim that the congressman has received a majority over Davis and Delmer of 140 votes, which makes him the nominee. On the other hand, friends of Judge Davis are equally cer- pointed or elected by boards or counto receive a majority of the votes cast Thursday, and that it will be necespary to hold a run-off primary.

Recall Petition Filed.

Charging incompetency, the employment of incompetent assistants for political reasons, pre-election promises and the wilful refusal to pay justly earned salaries to employes, a petition, signed by 3,275 representative citizens has been filed with the Davidson county election commission, ask-THE LEAD FOR A CONSTITUTION- ing for the recall of Commissioner of Findsee Paul W. Treanor. The petition was presented to Chairman R. C. Howell by Attorney W. B. Marr of the

recall committee of one hundred. The law requires that a recall petition to be acted upon by the election commission, must contain the signatures of 25 per cent of the number who voted in the last mayor's race.

In the last mayor's race the total vote was approximately 7,000, making it necessary that a recall petition at this time contain at least 1,750 signatures. The petition filed contains 3,-275 signatures, an excess of 1,570.

The board of election commissioners has thirty days in which to review the petition before taking any action.

At the end of thirty days and after out the approval of the farm loan favor of the proposition. Fifty-six of the petition has been thoroughly rethe counties, including the four big viewed and the signatures verified and ones, give a majority in favor of the purged of any irregularities the commissioners will call an election to de-In addition, it is reported that the termine whether or not Mr. Treanor

The election must be called within less than thirty days after the commission acts on the petition.

The state board of pension examiners concluded its quarterly meeting and Secretary Hickman announced the Thetus W. Sims has defeated Dudley names of persons to whom pensions

were granted by the examiners. After considering a very large number of applications the examiners added 33 old soldlers to the list of men, while widows or other dependents to the number of 88 were placed on the rolls. There were four men dropped ty and decreased votes over predictfrom the rolls for cause and two were tions elsewhere make his defeat near- suspended. Among the women, one

The following is the report to the state comptroller by Secretary-General Added to roll-R. A. Brownlee of Memphis, T. H. Collins of Memphis, J. G. Futrell of Humboldt, O. L. Slater

of Memphis, W. P. Perry of Memphis, L. E. Talbott of Jackson. Restored to roll-W. A. Green of

Memphis. Widows added to roll-Annie I., Bendall of Memphis, Marvina R. Corley of Brownsville, Apsley W. Henry of Memphis, Martha H. Hooper of Jackson, Mary B. Huntin, Lucy H. Long, Julia A.McFadden, Alicent T. McGowan, Lizzie B. Paine and Martha

For East Tennessee-Soldiers added to roll: H. A. Rengro, Petros; F. G. Miller, Bristol. Dropped from the roll and sent to the soldiers' home-D .P. Jarnigal of

Knox county and J. P. Patton of Mo-

Wray of Memphis.

Minn county. Widows added to the roll-Susan A. Apperson, Cleveland; Susan Barr, Blountsville; Amita Cypress, Shalmound; Rosie Dove, Bristol; Mary E. Easterly, Cleveland; Miranda Fine, Jonesboro; Fannie S. Hackworth, Knoxville; Sarah E. Harbin, Sevierville; Nancy E. Lealle, Sweetwater; Cynthia C. Matthews, Knoxville; Elizabeth Nelms, New Tazewell; Louisa M. Ollis, Newport; Catherine Vaughn, Rogersville: A. Fredonia Arnold

Chattanooga.

To Organize Machine Gun Company, Authority to organize a headquarters company and a supply company department. In addition to these two companies a machine gun company will be organized, but no special authorization is necessary to organize it.

of the medical corps and has been assigned to the regimental infirmary of the First Tennessee. Major Dunavant is a resident of Memphis, and is a surgeon of that city when in civil life. He has been a rest

Capt. B. N. Dunavant of the ambu-

dent of Tennessee since 1904.

The two troops of cavalry raised in Tennessee by Capt. Ellsworth Wilson and Col. J. Perry Fyfe will be sent to phis, Second division, Shelby county the Mexican border with the other units of the Tennessee guard about Aug. 13, the adjutant-general told Representative K. D. McKellar in Washshould not be left behind.

The reports received at the war aspartment are that the troops are practically complete and since cavalrymen ion City; Sixteenth district. Nat A. are in greater demand on the border than infantrymen, Tennessee's mounted soldiers will not be everlooked.

Knox county bears the distinction of being the first Tennessee county to elect a woman to office by a vote of the people. Since the act was passed by the last legislature allowing women to serve on county or municipal school boards, quite a number have been aptain that Congressman Houston failed | cils, but Mrs. J. G. Lowe, chosen by a vote of the people of the second school district of Knox county, is the first to be elected by franchise.